

March 27, 2024

Frontier Management Inc.

Shoichiro Onishi Representative Director

## Outline of Results of Effectiveness Evaluation of the Board of Directors in Fiscal 2023

We aim to achieve sustainable growth and increase corporate value over the medium to long term. To achieve this, we recognize that it is necessary to improve the effectiveness of the Board of Directors and further substantiate corporate governance.

We assessed the effectiveness of the Board of Directors in the fiscal year ended December 2023 and recognized issues that need to be addressed in order to further improve the effectiveness of the Board of Directors. The overview of these issues is as follows.

### 1. Outline of the Effectiveness Evaluation Method

#### (1) Determination of valuation method

At a meeting of the Board of Directors held in January 2024, the effectiveness of the previous questionnaire method (a method for evaluating the effectiveness of the method of evaluating the subject by freely describing each question in the questionnaire) was recognized. Accordingly, it was concluded that the questionnaire method would be continued for the evaluation of the effectiveness of the Board of Directors for the fiscal year ended December 2023.

#### (2) Feedback receiver

Directors (6) and corporate auditors (2)

※Excluding Audit & Supervisory Board Members who resigned during the applicable period.

#### (3) Evaluation method

- ① In January 2024, we conducted a questionnaire survey of those subject to the evaluation.
- ② At the Board of Directors meeting held in March 2024, after exchanging opinions on the results of the questionnaire, the effectiveness evaluation of the Board of Directors for the fiscal year ended December 2023 was finalized.

#### (4) Evaluation items

Based on the issues identified through the "Fiscal 2022 Evaluation of the Effectiveness of our Board of Directors," we have formulated questions after discussing matters to be implemented in order to further improve the effectiveness of our Board of Directors.

The questionnaire for the fiscal year ended December 2023 contains the following major items. The system evaluates each question by 10 points, and a free response column is provided for each question.

- ① Effective supervision of directors and management (executive officers, etc.) (6 questions + open responses)
- ② Securing human resources (6 questions + open responses)
- ③ Initiatives related to sustainability (3 questions + open responses)

④ Other functions of the Board of Directors (2 questions + open responses)

2. Summary of Evaluation Results

(1) Effective Supervision of Directors and Management (Executive Officers, etc.)

The Board of Directors was positively evaluated as follows: (i) discussing management strategies, management plans, important matters, etc. in a necessary and sufficient manner; (ii) establishing internal controls and risk management systems appropriately and supervising the directors and management team (executive officers, etc.) in an effective manner; and (iii) working closely with the Board of Corporate Auditors and the Internal Auditing Division.

On the other hand, there were opinions that discussions on management strategies to increase the Group's corporate value over the medium to long term should be conducted even more actively.

(2) Securing Human Resources

The Board of Directors was positively evaluated as follows: (i) the nomination and remuneration system for directors and management (executive officers, etc.) is appropriately designed for the Board of Directors to supervise the directors and management in order to improve our corporate value; (ii) the nomination and remuneration system for directors and management (executive officers, etc.) is appropriately designed for securing our human resources; and (iii) the nominating and remuneration advisory committee is appropriately functioning for securing the human resources of directors and management (executive officers, etc.).

On the other hand, there were opinions such as the importance of investment in human capital in order to secure human resources with diversity and expertise.

(3) Sustainability Initiatives

The Board of Directors was positively evaluated as follows: (i) discussing sustainability initiatives (basic policies, materiality, promotion systems, etc.), (ii) discussing long-term strategies that we should tackle in order to realize the sustainable growth and development of our group, and (iii) discussing long-term strategies that we should tackle in order to contribute to an affluent global environment and a sustainable society.

(4) Other functions of the Board of Directors

There was a positive opinion that outside directors and outside Audit & Supervisory Board members were able to express their opinions in a vigorous manner, and that they were making efforts to thoroughly discuss the issue without urgency depending on the proposal.

On the other hand, there were opinions such as the need to further strengthen the coordination between the mutual audit supervision of directors and internal controls and internal audits.

3. Initiatives to Improve the Effectiveness of the Board of Directors

Based on the issues recognized through the "Fiscal 2023 Evaluation of the Effectiveness of our Board of Directors," we will deliberate on matters to be implemented and decide on the policies for fiscal 2024 in order to further improve the effectiveness of our Board of Directors.